Filing Information Returns Electronically (FIRE) –
Privacy Impact Assessment (PIA)

PIA Approval Date: February 23, 2009

System Overview

Under section 6011(e)(2)(A) of the Internal Revenue Code (IRC), any person, including a corporation, partnership, individual, estate, or trust, who is required to file 250 or more information returns must file such returns magnetically or electronically. If there are less than 250, they still must be sent to the IRS but not electronically. The primary purpose is to enable the IRS to reconcile income tax numbers (e.g. income from dividends, interest, etc.) filed by taxpayers against those that were provided to them in the form via a form such as 1099-DIV. As banks, financial institutions, and other organizations send out statements to taxpayers, those organizations are also required to send this information to the IRS as well, if they send more than 250 (information returns) out per year. The two ways data can be sent is magnetically or electronically. Magnetic transmission involves sending the data in tape cartridge via mail. FIRE takes no part in the magnetic transmissions of these returns. FIRE was created to receive the electronic files and then forward the files onto a mainframe for processing.

Systems of Records Notice (SORN):

- 22.026 Form 1042-S Index by Name of Recipient – Treasury/IRS
- 22.061 Wage and Information Returns Processing – Treasury/IRS
- 42.021 Compliance Programs and Projects Files – Treasury/IRS
- 34.037 IRS Audit Trail & Security Records System

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:

A. Taxpayer – Data elements include the following:
- Payer Name
- Payer Address
- Payer Name Control
- Payer Shipping Address
- Payer City
- Payer State
- Payer ZIP Code
- Payers Phone Number
- Transmitter control code (TCC)
- Taxpayer Identification Number (TIN)
- Email address

These data elements are contained on the following forms (includes associated form schedules where applicable):

- Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding
- Form 1098, including all associated schedules
- Form 1099, including all associated schedules
- Form 5498, IRA Contribution Information, including all associated schedules
- Form W-2G, Certain Gambling Winnings

- Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips
- Form 8809, Extension of Time to File Requests.

B. Employee – Data used in this system consists of Identification and Authentication (I&A) data of FIRE users with access to the system. This information includes USERID and password.

C. Audit Trail Information – The following actions on the FIRE web site taken by business trading partners are recorded in the FIRE audit log:
- Logon to System
- Logoff System
- Change of Password
- PIN updated
- New PIN created
- File uploaded
- Account created
- Password reset
- Updated account information
- Problem uploading (filename)

D. Other – No other information is available in the FIRE system.

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.

A. IRS – FIRE transmits files to and from AMMPS and IRB. The type of data sent and received is statistical data (e.g. files successfully or unsuccessfully uploaded by trading partners), updated trading partner information (e.g. address), and updated TCCs.

B. Taxpayer – No information is collected directly from individual taxpayers. However, individual tax data is collected and submitted by the Business Trading Partners.

C. Employee – Beyond USERID and password for login purposes, no information is collected directly from employees.

D. Other Federal Agencies – Federal agencies file information returns as Business Trading Partners. No other data is provided by Federal agencies. The federal agencies included would be those that issue information returns such as for student loans, etc.

E. State and Local Agencies – State and Local Agencies file information returns as Business Trading Partners. No other data is provided by State or Local Agencies.

F. Other Third Party Sources – The FIRE system receives information from trading partners. The trading partners can only transmit data files and check on the status of the transmissions.

3. Is each data item required for the business purpose of the system? Explain.
Yes. All data is required for the business purpose of the system to enable the IRS to reconcile income tax numbers (e.g. income from dividends, interest, etc.) filed by taxpayers against that which was provided to them in the form of a form such as 1099-DIV.

4. How will each data item be verified for accuracy, timeliness, and completeness?
It is the responsibility of the business trading partner who sends the data (from their workstation to FIRE) to ensure it is accurate, relevant, timely, and complete. As FIRE makes no changes to data, the data will be as accurate, relevant, timely, and complete as it was when the business trading partner sent it to FIRE. An email is automatically generated and sent the next day (verification) to the business trading partner. In addition, the user can log on one day after sending data to FIRE to verify whether its files have been received by FIRE.

Should there be an error in transmission and there is no action by the business trading partner within 21 days of the failed transmission, an email is generated and sent. It is sent every 21 days until the end of the year or resolution (whichever occurs first).

5. Is there another source for the data? Explain how that source is or is not used.
No. There is no other source of data.

6. Generally, how will data be retrieved by the user?
Business trading partners are required to authenticate to FIRE with their username and password to access the application. Additionally, when a trading partner attempts to submit a file, they must enter their PIN number and have a valid transmitter control code (TCC) and TIN combination to complete the transmission. Customer Service Representatives (CSR's) are not required to provide a username and password to authenticate to FIRE. The CSR personnel's Standard Employee Identifier (SEID) is passed to FIRE from their Local Area Network (LAN) domain authentication and is checked by the FIRE database for authorization. If the user is a valid FIRE CSR they are granted access, if not, access is denied. The SQL database does not have a separate authentication mechanism for DBAs. It relies on the user's LAN domain authentication credentials to authorize the DBA access to the database management software.

7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?
Yes. Records may be retrievable by the TIN. The type of the data that can be retrieved is:

- Payer Name
- Payer Address
- Payer Name Control
- Payer Shipping Address
- Payer City
- Payer State
- Payer ZIP Code
- Payers Phone Number
- Transmitter control code (TCC)
- Taxpayer Identification Number (TIN)
- Email address

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?
Data input to FIRE is restricted to the business trading partner submissions of their clients' tax forms. Each business trading partner must be a registered FIRE application user, and must have a valid transmitter control code (TCC) and TIN combination to successfully submit data to FIRE. If a business trading partner attempts to submit data to IRS with a non-matching TCC and TIN, FIRE will deny the submission.

FIRE is accessed by Information Returns Branch Customer Service Representatives (CSR) responsible for assisting the trading partners in researching file submission status and errors. There are two access levels for CSR users. They are as follows:

General Help
- Reset a password
- Look up a customer pin number
- Identify the cause of an error

Admin users
- Same as above plus
- Delete and add records to the database

Contractors do not have access to the FIRE application.

9. How is access to the data by a user determined and by whom?
Business trading partners must submit Form 4419 Application for Information Returns, to request a transmitter control code. Business trading partners mail or fax the form to the Quality Control section for approval. Once the trading partner receives confirmation of account approval they set up their own user ID and password. There is no standard naming convention used for trading partner user IDs.

Data input to FIRE is restricted to the business trading partner submissions of their clients' tax forms. Each business trading partner must be a registered FIRE application user, and must have a valid transmitter control code (TCC) and taxpayer identification number (TIN) combination to successfully submit data to FIRE. If a business trading partner attempts to submit data to the IRS with a non-matching TCC and TIN; FIRE will deny the submission.

Users in the CSR group have their permissions defined via the OL 5081 process. Based on their SEID, they have one of two levels of access in FIRE. All CSR users with access to FIRE must first gain access via the Online (OL) 5081 process. Once approved, there is a separate location on the form where access can be requested for FIRE. If this is approved, and the user has been given access to the server where FIRE resides, then access will then also be granted within the FIRE application for the rights requested (e.g., Admin, or General user).

10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared.
No. No other systems provide, receive, or share data.

11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?

12. Will other agencies provide, receive, or share data in any form with this system?
No. No other agencies besides those provided Question 2 (D)(E)(F) share data or have access to the data contained in or transmitted by FIRE.

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?
FIRE data is archived to the Storage Area Network (SAN). At least three years of data is retained and all data will be deleted after four years in accordance with IRM 1.15.1, Records Disposition Handbook.

14. Will this system use technology in a new way?
No. This system does not use technology in a new way.

15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.
No. This system cannot be used to identify or locate individuals or groups.

16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.
No. This system does not collect, use, or maintain personal information and, therefore, does not offer the capability to monitor individuals or groups.

17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?
No. This system cannot be used to treat taxpayers or employees disparately

18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?
Not applicable .The purpose of FIRE is not to capture data about individuals or make negative determinations about individuals, companies, or their tax related matters. System management is responsible for the proper operation of the system, ensuring correct processing and responses to Business Trading Partners, as well as the oversight of employee use of the system and the data contained therein.

19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?
Yes. The FIRE web site requires session cookies to be accepted by the user's browser. An encrypted cookie is stored on the user's browser that stores the username. No other information is cached or stored in the user's browser or workstation. Session cookies are terminated when the user exits from the web browser session. Persistent cookies are not used.

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